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Classified By: Charge d'Affaires a.i. D. Brent Hardt, reasons 1.4 (b,d)

Summary

[1](#)1. (c) Three of the seven Eastern Caribbean countries are now members of both ALBA and PetroCaribe. While this has raised eyebrows among political pundits in the region and beyond, the three island nations that have joined - Dominica, St. Vincent, and most recently, Antigua - are doing what they can to reassure traditional partners privately, while playing up the new relationships for maximum political gain in their own constituencies. At this point there is little to fear: the Eastern Caribbean countries are simply milking what they can from a willing cash cow. Nevertheless, smaller, more vulnerable and less experienced politicians such as Dominica PM Skerrit may not be able to avoid falling deeper into Hugo Chavez's political orbit. End Summary.

Chavez's Slowly Expanding Influence

[1](#)2. (c) It is no secret in the Eastern Caribbean that Hugo Chavez is looking to increase his political influence, muster support for his left-leaning socialist-populist ideology, and woo as many countries in the region as possible away from the U.S. as their partner of choice. Chavez has lavished particular attention on Dominica and St. Vincent, whose left-leaning prime ministers have been the most open to his blandishments, such as housing programs, manpower and machinery for airport construction and expansion, and helping to rebuild roads and distribute food following hurricanes. Since 2005, Chavez's PetroCaribe initiative has been the headliner for Venezuelan assistance to the region, and while the tangible economic benefits to Eastern Caribbean countries have been somewhat muted, the domestic political windfall to local politicians has been substantial. There is enough money coming in through loan repayment deferrals (or perhaps delinquencies, there are few hard numbers to track, see ref a) to finance programs for the poor, including housing schemes and some infrastructure programs, which scores easy political points for local leaders and at the same time painting Chavez as the region's greatest benefactor.

[1](#)3. (c) More recently, Chavez's launch of ALBA, coming just as the international financial system was teetering on the brink of collapse, has provided a new opportunity for Eastern Caribbean politicians to show their constituents that they are leaving no potential funding source untapped. Initially,

EC governments were wary of ALBA and claimed no interest in joining. When Dominica, the region's poorest country, broke ranks and signed up (possibly at the urging of PM Gonsalves of St. Vincent and on the heels of substantial assistance to Dominica from Venezuela following Hurricane Dean), the move evoked mildly negative reactions in the regional press and raised questions about the compatibility of ALBA with other regional structures such as the Organization of Eastern Caribbean States (OECS) and CARICOM. Later, though, when it became apparent that there would be no fallout with the international community from Dominica's joining, St. Vincent hopped aboard and ALBA began to gain legitimacy as an organization within the region. Most recently, Antiguan PM Baldwin Spencer announced that his country would join the organization, bringing half the membership of the OECS into the ALBA fold.

What Do You See in Him?

14. (c) With each successive accession, we have questioned local governments at length about their motivation for joining, their expected returns, and what the quid pro quo might be. The answers have been consistent for all three new members and reflect the hard realities of political self-interest in resource-poor micro-states. Each government has told us quite candidly that the sole reason it is partnering with Chavez is because he is making money available. As the global economy has tightened in recent months, the appeal of "no strings attached" concessional lending and possible grants, as well as the possibility of access to a nebulously-defined "ALBA Bank," has grown appreciably. Each country's senior leadership has given us their solemn assurance that joining ALBA in no way affects their desire to maintain the closest relations with the U.S. and to keep us as their security and commercial partner of choice. But they are also frank about the absolute necessity for them not to leave money on the table. Taking Chavez's money, even if it is difficult to point to specific public goods that have resulted, is still politically smart, showing local constituencies that the government is tapping every available source of finance to keep economies afloat and jobs filled while these Small Island Developing States ride out the recession -- the same rationale some EC countries have used to explain to the public their decisions to access historically unpopular IMF loans.

Payback Mostly in Lipservice

15. (c) Of course, there has been a political piper to be paid, mostly in the form of sycophantic rhetoric from regional leaders in praise of Chavez. St. Vincent PM Ralph Gonsalves has long shared Chavez's populist mentality and personal charisma with his base -- both, it seems, see themselves as reincarnations of Castro. So it is not surprising to hear Gonsalves crowing about assistance from a like-minded colleague with the resources to share. Less easy to understand, in tone if not in substance, is the fawning adulation of Chavez coming from Dominican PM Skerrit. While it is true that Venezuela has produced some benefits and promised much more for the impoverished island, Skerrit has all but flung himself at Chavez's feet, sporting red shirts and glorifying Chavez beyond the realm of even political hyperbole on the latter's recent visit to Dominica (ref b). Skerrit has also religiously attended ALBA events, looking every bit the mascot in photos with more charismatic or heavy-hitting regional leaders like Gonsalves, Chavez, Evo Morales, and Daniel Ortega.

16. (c) Most surprising, though, were the fawning remarks of Antiguan PM Spencer when he announced his country would join ALBA. Alternately praising Chavez and obliquely lambasting the U.S. for the global recession, Spencer's remarks were unusual from a man who -- while not necessarily the best friend of the U.S. -- has traditionally been a fairly

calculating pragmatist in his dealings with us and the region. In announcing Antigua's accession to ALBA, Spencer noted that "the historically rich and proud countries of Latin America and the Caribbean have suffered greatly as a result of coercive and imperialistic models of colonialism and later the Washington Consensus..." adding "The principles of ALBA are diametrically opposed...ALBA promotes complementarity as an alternative to competition; solidarity as opposed to domination; cooperation as a replacement for exploitation; and respect for sovereignty rather than corporate rule." Spencer went on to report that "PetroCaribe's concessionary financing arrangements provided some \$1.17 Billion between June, 2005 and December, 2007. U.S. Foreign Assistance to the Caribbean for the comparable period was estimated at \$340 Million per year...Further, it must be noted that the support that has been received through PetroCaribe did not come at the price of our dignity or sovereignty but rather was firmly rooted in the principles of complementarity, solidarity, cooperation and respect for sovereignty." One almost suspects Spencer had borrowed Chavez's speechwriter.

17. (c) Finally, not to be outdone, even tiny St. Kitts -- still just an Observer in ALBA for now -- is doing whatever it can to stroke Chavez's ego. St. Kitts co-hosted the sixth PetroCaribe summit with Venezuela in June, 2009, and, upon returning from a trip to attend the African Union summit in Libya in July (a meeting also attended by ALBA members Skerrit and Gonsalves), St. Kitts PM Denzil Douglas heaped praise on Chavez's initiatives: "ALBA and the PetroCaribe initiatives are serious and stable arrangements that are visionary and will forge a fraternity that will enable our countries to dictate trade relations on our own terms." If sycophantic hyperbole is a good barometer, it would appear that for St. Kitts, ALBA membership may not be long in coming. And with four of six OECS countries on the roster, there will be incentives for Grenada (a PetroCaribe beneficiary) and St. Lucia (not in PetroCaribe, but buying PetroCaribe oil through Hess Oil, the local importer) to join ALBA as well -- and few visible disincentives.

No Worries Over Military Posturing

18. (c) Leaders of the EC countries have also assured us that they have no intention of participating in any military aspects of the "Alliance," and that they view ALBA as nothing more than a source of funding. That said, no leader sought to distance himself or his country from ALBA or Chavez when the latter started saber-rattling over the Honduras political crisis and invoked ALBA and all its members as willing to take action against the de facto regime there. On a similar note, it did not go unnoticed that security forces from St. Vincent marched in a parade at the ALBA summit (ref c). While it is implausible that any EC country possesses either the assets or the will to participate in any security-related aspects of ALBA, the willingness of some of these islands to even show tacit support for such activities under the ALBA rubric is unhelpful.

Where is Barbados?

19. (c) Notably absent from the Hugo Chavez love-fest has been Barbados, the sole non-OECS country in the Lesser Antilles and arguably the region's most developed and politically stable micro-state. Barbados shares the broader CARICOM position on ALBA, which has so far been leery of the organization as incompatible with the work of CARICOM and the OECS. Barbados, which still has a border dispute with Venezuela that is impacting the smaller claimant's ability to explore its own undersea oil and gas potential, simply does not trust Chavez. The GOB sees ALBA as a disruptive entity in the Caribbean that retards greater unity in CARICOM and seeks to establish political influence in the region (rightly so, in our opinion). Barbados, with its traditional foreign policy mantra of "friends to all, beholden to none," fiercely

guards its independence and sovereignty and actively and vocally opposes the intrusion of external countries into the CARICOM space. While this stubborn independence occasionally makes our own relationship with Barbados a prickly one and has itself been something of an impediment to greater CARICOM unity, it has also been a steady bulwark against further incursions by Chavez into the region. Barbados does not need Chavez's money, and so can afford not to accept his politics.

Comment

¶10. (c) So far, EC leaders have done nothing to indicate they want anything besides what they see as Hugo Chavez's free money. Aided by a public largely ignorant of what ALBA is or does, regional PM's are happy to bask in the glow of the faint impression that this relationship is putting funds into local coffers. And with just enough going on in Dominica and St. Vincent to point to, with the strong likelihood (as local grapevines have it) that Chavez is also financing ruling parties, and with no complaints coming from CARICOM partners or the broader international community, it is hard to see a down side for these PMs in the short run. The price of some political grandstanding on behalf of Chavez seems a reasonably affordable one in exchange for some real, and more promised, assistance to carry these vulnerable countries through the recession. Beyond his free money, Chavez still does not have an ideological or (more importantly) cultural foothold in the region that has any broader appeal beyond his checkbook. That said, while there is little fertile ground for "Chavismo" in the long term, that will not stop smaller and more vulnerable economies from being his willing political agents in the short run if it gets them money. This was most visibly illustrated in September, 2008, when Gonsalves cheerily carried Chavez's water throughout the CARICOM space in a letter that accused the USG of being complicit in assassination attempts against Chavez -- a letter that angered many CARICOM PMs as incompatible with the responsibilities of a fellow Caribbean leader (ref d).

¶11. (c) There are voices in opposition -- and even some in the ruling parties -- who find the current arrangement somewhat distasteful, to be sure. But as Antigua's Security Minister, Erol Cort told us recently, without more regularized and visible engagement by the U.S. to give politicians the operating space needed to push back against these Venezuelan "gifts," local politicians will have little choice but to cozy up to Chavez to reap the local political benefits of his promises. Cort cited the recent visit of the USNS Comfort (ref e) as the sort of presence that, if regularized, would swiftly wash away Chavez's inroads into the Eastern Caribbean. The issue was not so much money, he said, but attention. In this regard, he expressed high hopes that the Caribbean Basin Security Initiative currently in the planning stages would provide exactly the kind of countermeasure needed to wean weaker politicians such as Skerrit away from Chavez's corrosive embrace. Meanwhile, Cort assured us, Antigua and others would continue to support ALBA and PetroCaribe for exactly as long as the money and oil kept flowing -- but not at the expense of their core democratic principles.

HARDT